

Notes from Duke's Casebook

Volume 5, Issue 1

The Cynical and Resistant Edition

May 2008

About this edition

Growing before your eyes

I really enjoy writing a general interest newsletter about strategic leadership, but there are times when I've wanted to share something special with only one of my primary client groups, realtors, association execs and public administrators.

I'm trying something new here. By expanding the *Casebook* to six pages I can still deal with broad topics about leadership *and* devote one page to ideas directed to each of my specialties... color-coded for handy reference. Read the all the pages; our interests are common and there's much to be learned comparing our different solutions.

Duke Kuehn
May 12, 2008

The Facilitator's Toolbox Tricks to Overcome Cynicism

Nothing can gum up a good meeting better than the comments of a person who proclaims "nothing is going to change; this is just a lot of meaningless work."

These irritating and demotivating sentiments linger below the surface of any new endeavor. As a leader, you these negative thoughts can be used to accelerate change... **IF.**

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Tomorrow, Tomorrow, Tomorrow... Planning Can't Wait, Do it NOW!

"Now's not the right time," is the most common reason I'm given in delaying the start of planning. Managers find themselves too busy because times are good or... times are bad. As reasonable as the argument sounds it is a dangerous fallacy and following it only guarantees you'll pay the cost of being unprepared for the future when it arrives. Keep in mind, the future is tomorrow.

The fact is, there is *never* a good moment to do planning, it always takes an inconvenient investment of time and energy. No one wants to stop when every thing is going well; no one will stop when success seems to be slipping away.

In this note I'll point out some of the ways in which planning can be done more conveniently and provide some counsel as to how to handle the inherent distractions and costs of trying to build a plan while continuing to deal with day to day issues.

Planning When Times are Good

There's a strong case that growing organizations need planning most of all, because they are finally generating enough resources to present managers with strategic options. Without some planning profits can be wasted through inattention or, worse, squandered away through unthinking expenditure. A plan assures any extra nickels at the end of the day are invested wisely in enterprises that strengthen the organization's position.

It's hard to plan when things are going well because managers and staff are working hard to gather as much as they can while they can. During these growth spurts it makes sense to design a planning effort that places minimal demands on people. It is alright to delegate planning to a single person as long as that person gives everyone a chance to review the plan. Using a consultant may ease the burden, too.

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Facilitator's Toolbox: Cynicism

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The “if” hangs on how much truth there is to the cynicism. Sadly, negative people are right sometimes. There are organizations that ritualize planning without ever doing anything (or doing what they please). *The Office* has a steady following because we find eerie resonance in Michael Scott's narcissistic manipulation.

The facilitator's first response to cynicism is to check it out. The expression may be valid. Even if it isn't, you need to know how widespread the feelings may be. I anticipate skepticism and probe for its existence, validity and depth before I ever start. If trust levels are too low to begin planning, the organization's leaders, not you, need to address that first. If it turns out managers are irredeemably dishonorable you have to tell them and walk away. Your credibility is at stake.

If management is truly committed to an open planning process and prepared, within reason, to make changes, the best way to deal with cynicism is to fall back on the efficacy of your process. You need to show participants the process requires and invites free and candid participation from everyone. Cynical folks will watch you closely. Any sign that you are leaning towards a subjective agenda will be noted. Don't let it happen, let the process prove them wrong.

The best antidote to secret agenda is to shine a light on everything you discuss.

You can actually use the process to tamp down cynicism by demonstrating, on a small scale, that people's opinions are valued, their voices are heard and change will occur. It's hard to sustain cynicism when real changes are being made before doubtful eyes.

Duke's Rule #62:

More Often People are Insensitive and Ignorance than they are Dishonest

We love conspiracies and nothing seems to cheer us more than attaching sinister motives to superiors when they make a mistake. A narrative emerges with always the same ending, “and I was lied to.” Some folks adopt the attitude of cable channel pundits: if it doesn't turn out as I expected there has to be a secret agenda at play.

I've met a very small number of truly awful people in this world (call me for a list of their names). Most folks try to do the right thing; sometimes they just don't do it very well. I agree, stupidity and density are not very comforting excuses, but they are justifiable defenses and should be accepted as such. In other words, give people the benefit of the doubt... at least the first time.

The Strategic Gourmand: Add these New Places to Your List

In my travels I come across places just so great that I can't wait to share them. So, without a focus on a particular cuisine or locale here are some restaurants worth checking out. Pretty plain fare mostly, but there are a couple of class standouts...

... a terrific cheeseburger in a odd location. Those of you who fly Continental have a nice surprise the next time you go through their Houston hub, *Ruby's Diner* (not Ruby Tuesdays). OK, it's chain, but the burgers are fat and juicy and the *faux* Fifties atmosphere is spot on, right down to the waitresses' crisply starched crinoline petticoats and bowed aprons.

... cheeseburger with a pat 'o butter on top? Where else but in the Dairy State? Milwaukee's legendary *Solly's*. Surprisingly tasty.

... manic service, hectic, absolutely NO atmosphere, another airport eatery (with outlets throughout DC) guaranteed to keep reminding you all day of what you ate hours before on a cross-country flight, 10.0 on the grease scale, *Five Guys Famous Burgers*.

... the most inventive sandwiches I've ever eaten, absolutely fresh ingredients and spicy pickles you'll want to take home; imagine a classic NY deli moved to Studio City, CA morphed into the late 21st century. Lunch rethought, *Artisan Cheese*.

... I promised to keep this one confidential. But here are some hints that will lead the adventuresome diner to an incredible chicken salad sandwich. Think *Soprano's*. Think Morris County. Find a source at NAI James E Hanson, they know.

... a bit far away, but a nifty ham, cheese and onion omelet and a cool jazz attitude that starts the day just right, *House of Brutus*, on the beautiful and incredibly friendly island of Guam.

... coming from Seattle I know Asian fusion and I know fish; it isn't done any better than *Silk* in Atlanta. Didn't make sense until I learned the owners migrated to Georgia from Seattle.

... the short ribs at DC's *Central Michel Richard* are cooked slowly for 72 hours. The beef is converted into a substance so tender and luscious to offer, as Sondheim once said, proof of heaven as you're living. A *NY Times* pick as one of the year's best new restaurants; they got it right. Thanks, Josh C.

Timing Your Planning, *continued from page 1*

The risk is that organizations without a plan will not get the most out of their profits and end up unprepared for the new challenges when they come.

Planning during Hard Times

Action, any action, would seem the best way to keep going when survival is on the line, but it's not the best strategy. A better approach is to plan an organization out of trouble. Making just the right decisions in the correct order is the only way to stop a downward spiral. Planning allows for the kind of analysis than can separate symptom from illness, temporary fix from long-term cure.

Again this may not be a good time to engage everyone - they have plenty to so during the crisis - but one person, probably with the help of the consultant can put together a plan that gets past survival to recovery and renewed growth. Make sure everyone reviews it and you should be okay.

There are plenty of examples of organizations that used difficult economic times, much like today's, to refocus and retool so that when the turn-around did come they shot ahead of their competitors who were preoccupied with current conditions.

When is the Best Time to Plan?

Most organizations operate in cyclical environments. Nothing rises forever and few things fall eternally. Good planning takes the highs and lows of organizational or economic cycles into account.

The best moment to plan is just before a cyclical shift up or down. Boaters will recognize this as a slack tide that precedes the rush of ebbs and flows. Planning then assures the organization is poised to enter a new phase with a plan ready to deal with the changes the future brings.

Strategically the trick is to extend upward momentum, to get a longer ride on the wave, or to shorten the downturn and reverse or reduce the slide. In either case, the organization is prepared to take advantage of a prosperous future or temper the impact of a tough one. Great success awaits the organization ready to reap the benefits of good times when they return.

Planning takes time, but in the long run it saves time because future decisions are surer, clearer and swifter. There is no getting around the inconvenience of planning; it always comes when you are busy. The effort, however, is rewarded in a somewhat predictable, more controllable future.

PROFILES IN LEADERSHIP: MIKE SABLAN

Mike is the energetic and visionary Public Auditor for the Commonwealth of the Mariana Islands (which includes Saipan). I've selected Mike because he possesses the skills to lead effectively in both the private and public sectors.

A CPA, Mike was a successful corporate executive before accepting the invitation to assist his government. First as a special advisor for budget and finance and now as the Public Auditor, Mike brings a passion for good management that produces great governance.

For Mike to return to Saipan and help it prosper in times of great adversity is a lesson in what it means to be a good citizen. As a public auditor it takes courage to uproot fraud and seek out inefficiency (in a nation of less than 80,000 population most living on an 115 square mile island... that's standing up as a patriot).

The true quality of Mike's leadership is to be seen in his staff. They are as professional, creative and dedicated as he. Mike encourages teamwork and their audits and investigations produce results because the staff is free to merge their talents and focus on their tasks collaboratively.

Mike is a modest man and this salute will embarrass him, so in honoring him here he'll rightfully deserve and apology. I'll gladly do it for the privilege of sharing with my readers the example of this excellent and courageous leader.

I Really Wish I'd Said This:

[We] assume history marches forward, but history is not an army. It is a crab scuttling sideways, a drip of soft water wearing away a stone, an earthquake breaking centuries of tension. Sometimes one person inspires a movement, or her words do decades later; sometimes a few passionate people change the world; sometimes they start a mass movement and millions do; sometimes those millions are inspired by the same outrage or the same ideal and change comes upon us like a change of weather. All that these transformations have in common is that they begin in the imagination, in hope. To hope is to gamble. It's to bet on the future, on your desires, on the possibility that an open heart and uncertainty is better than gloom and safety. To hope is dangerous, and yet it is the opposite of fear, for to live is to risk.

I read this as a profound statement about leadership.

Rebecca Solnit, *Hope in the Dark: Untold Stories, Wild Possibilities*, Nation Books, New York, 2004, page 4.

IDEAS? SUGGESTIONS? COMMENTS?
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The Real Estate Professionals' RED SHEET

Six Dumb Myths that Define the Real Estate Business

When I first started to work with the real estate industry I was honest about the limits of my knowledge: I understood the dynamics of organizational change and management, my clients understood the world of real estate.

Many people patiently taught me the business and I believed what I was told. After awhile, though, I was able to sort fact from assumption, truth from myth. To my dismay I discovered some myths that block prudent business practice and hold back the evolution of the real estate profession. Myths are bad not because they are necessarily untrue, but because they let people off the hook for making tough decisions.

Myth 1: *You eat what you kill.*

Not unless you have a big freezer. Some folks think this hunter-killer mentality aptly describes their approach to the market and, if they visualize their clients as dead meat, they may be right. It may be motivating to start the day in survival mode, but chasing deals and meals is not the same as developing a sustainable book of business. Successful real estate practitioners know it is better to develop a relationship that yields many deals over time than to go after the one time big score. Had humans lived by this myth we would still be undernourished in caves. Toss this myth and replace it with the common sense that you are a professional who serves a clientele.

Myth 2: *We can't compete against the big guys.*

This is the bleat of any sales person facing well branded competition. They find their competitor more intimidating than their potential client. Of course well-known large firms and corporations have a competitive advantage. What the intimidated sales person overlooks is the automatic advantage that swings their way when facing a big name competitor. Smaller firms can make decisions quickly and customize their service to fit the needs of the client.

You may have to make the case that you are superior to your competitor... this is sales after all... but it can be done. Only the densest of clients prefer the letterhead over substance, but you've got to show value in everything you do.

Myth 3: *Managing agents is like herding cats.*

This is always accompanied by laughter. It's just not true. Sales people can be organized if you understand what they value. Poor managers can't manage inherently organized groups, much less sales people. Their greatest failure as managers is their lack of insight into what motivates others. Bad managers don't understand what excites people to make decisions (they didn't understand that about clients either, which is how they became managers). This myth is also insulting to cats.

Myth 4: *My assets walk out the door every night.*

I actually like the sentiment... employees *are* free agents and they will leave if treated poorly. What I don't like is the fatalism, as though it's only a matter of time before these disloyal, greedy so-and-sos desert me. Too often this is used as an excuse not to do the things necessary to keep a sales staff happy. If you believe your sales people are assets treat them as such. The same goes for support staff, who are consistently undervalued because they don't produce revenues through sales. Great brokerages are terrific double-play combinations: the support staff gets the out at second, so the sales staff can get the out at first.

Myth 5: *Sales people don't care about the company, they only care about themselves.*

Not true. People work and stay for all sorts of reasons that have nothing to do with money... usually respectful treatment and ethical business practices. Again some managers use this myth as a cloak to rationalize away their inability to create a culture where mutual respect, trust and collaboration define the firm.

Myth 6: *We don't need a strategic plan.*

Okay, okay. I know this is self serving, but this really is a dangerous myth. You need to be ready for the future. If you don't want to do it with me, I'll give you the name of someone else who can help you. But do it. The future gets here a lot faster than we ever expect.

The Association Execs' GREEN SHEET

How to Get 100% Member Involvement

That got your attention, didn't it? The holy grail of association life is to get all members actively engaged. I'm not sure what they would do if everyone really did show up, they'd surely run out of jumbo prawns, but I know some great AE's who fret over every one who doesn't.

The concern doesn't bother me so much as the effort and angst put into the quest. I'm reminded of a client who held an annual summer picnic, an event enjoyed by all the employees and their families, but one. More energy was put into getting the one who wasn't interested in attending than to the 20 who were excited to do so.

Many associations live by the 20:80 rule, believing that a few members will be actively engaged in the association's programs and governance while the majority just pay their dues. They are constantly worried about the 80 wondering where they are and strategizing for ways to get them to the picnic. No one ever asks what the reasonable target for involvement might be. Who knows, maybe 20 per cent is about right for a trade association made up of entrepreneurs and independent agents.

This quest for the 80 is driven by a noble belief held by many association executives and leaders that the association is obligated to meet the needs of its members; they go on to apply an expansive definition of how broad those needs might be. In some minds the lack of engagement by 80 per cent of the members is indicative of their needs not being served.

I'll contest that assumption. It may be the case that uninvolved members feel underserved; it may also be the case that their level of involvement is indicative of how much service they really want.

Despite all the other mistakes the airlines make, they get this one right: they understand market niches. That's what frequent flyer programs are all about. The airlines offer basic service to *anyone* who purchases a ticket. But levels of service escalate depending upon the fare you pay and the frequency you fly.

Airlines figured out that everyone who flies demands to do so safely and in some degree of comfort (timeliness is another issue altogether these days). Frequent flyers and first time customers all leave and arrive at the same time safely. But the frequent flyer will be rewarded with comforts the first timer isn't.

Imagine an association built along those lines: dues buy a minimum and (probably) generalized level of service. Members who want more pay for it or *gain it as a reward for participation in association activities and governance.*

In this model leadership would adopt a different attitude about member engagement, recognizing that at the most basic level, paying their dues, there *is* 100 per cent participation. The next step up might be wearing a pin or contributing to a PAC or attending a chapter meeting. The key here is to recognize that the 100 per cent engagement occurs at a basic level and that involvement is expected to drop off *unless there are rewards for additional engagement.*

Viewed in this manner the 100 per centers starts to look like a market with niches, where levels of participation and expectations for service are neatly balanced. Using the airline example once more, everyone receives the same basic service, but each gets different legroom, seat width, boarding priority, drinks and snacks and, most recently, extra baggage, depending upon their fare and loyalty. The airline wants the ticket, all the rest of it is gravy and they are willing to reward the loyal customer or someone willing to pay the higher fare.

Think about an association with basic, business and first classes of engagement. Differentiating the association market into these niches opens the door for strategies that prompt upgrades from one class to another. Guess which one presents the most potential for a good return on the investment of your efforts? Not the first class, you already have them. Not the basic, they are a hard, perhaps impossible sell, all they want is a ticket and a seat. Fortunes are made in working the high ends of the basic and the middle (business class) who see the benefits of the next level of membership and are motivated to do what it takes to get it. (I have a friend who once scheduled a multi-stop day long journey across the country at the end of the year to qualify for his airline's elite status). All you have to do is offer the opportunity to the mid-class, they'll take it.

Smart association marketing comes from taking the time to identify niches, developing an understanding of what they need and finding a way for them to access it. If you can tie high end services to premium dues you end up with a 100 per cent engagement at each level of interest.

Associations have to make a choice, that's why I, as your strategic planning guru, am highlighting the issue. Finding the best fit between your resources and your customer base is a critical strategic issue. It turns out diverse membership is not so diverse and that differentiation in need for service and willingness to pay shows the way to attain desired levels of member engagement.

The Public Administrators' BLUE SHEET

It's Time to Get Rid of RFPs and Here's Why.

I'm not much of a fan of requests for proposals, or RFPs as they're called. It's rare that an RFP produces a high quality product, particularly in strategic planning ventures. I've written my share of them. I've surely responded to lots of them and won some, but I find contracting driven by RFP processes interferes with the formation of a really effective client-consultant relationship.

Worse, a process ostensibly designed to create transparency in contracting and to introduce competitiveness and creativity, tends to yield mediocrity and a bias towards corporations who tend to charge higher fees. In the end the quality of the final product, at least when it comes to planning, is compromised.

Here's why. Client relationships are best created and maintained when there is open and on-going discussion between the consultant and the contractor before, during and after the planning process. Unless the client has a very clear and circumscribed understanding of the desired end product and its ultimate application, the RFP will always be ambiguous. That lack of clarity leads to problems.

Just when I should be working with the client to develop the focus needed to complete the project, the process puts us at arm's length and, in the name of objectivity, actually obscures what the client really prefers, forcing the consultant to either:

Select among a range of options and guessing which one best fits the client, or

Present a complex range of options hoping that one of them best meets the client's needs.

Guessing one option runs the risk of making the wrong guess (proposal loses) or limiting the customization available to satisfy the clients' needs (the client loses). Providing a range of options makes the proposal look weak when compared to a strong argument for a single (possibly wrong) approach.

RFP's provide a great advantage to large corporate consulting firms. The review process tends to become a beauty contest, a term consultants use, and large firms can razzle dazzle 'em. A slick, glossy, bound presentation says less about the quality of the service proposed than it does about the cute back-office toys

available to large firms. In the end the client pays for the sizzle.

If anything the RFP process rewards presentation skills over substance... always. In my experience there is *no* correlation between the quality of a presentation and the quality of the service provided, especially when facilitation skills are required. Indeed, I might argue there is an inverse correlation... good strategic facilitators don't get "ahead" of the client or take on persuasive leadership or sales roles. The best tend to let the leaders of the organization be the stars of the show, they are the ones who will be implementing the plan after Professor Harold Hill has long departed River City.

These issues are particularly problematic when hiring a consultant for a strategic planning process. There is an intimacy built into good planning that brings out, even in bureaucracies, the strong emotional attachment people have to their organizations. The future of their venture is not an abstraction... it touches directly upon the lives of the people involved.

What makes strategic planning *really* work is having a facilitator who develops such a high level of trust (in the consultant, the process and, most of all, each other) that participants are willing to speak honestly and openly about their greatest hopes and concerns for their organization. Trust levels must be great enough to free up the planning group to willingly engage in risky and sensitive discussions about current operations and future plans.

That kind of trust and confidence is not summoned from an RFP. To establish such a close working relationship requires time for sufficient interaction and background research to produce an effective design.

As an alternative I do believe in RFQs (requests for qualifications). These are simple straightforward inquiries that assure you find someone who has the skills and track record to warrant consideration. An RFQ will generate a list of qualified consultants. Invite them in and pick the one you trust.

Keep the process simple, make sure you've got someone who can do the job, then look at their ability to listen, adapt and care about your organization as much as you do. Their job, once selected, is to work with you to design the kind of process (and there are a lot of elements that cannot be determined when the RFP is written).